

MARGATE COMMUNITY REDEVELOPMENT AGENCY BOARD

REGULAR MEETING

April 10, 2024

MINUTES

Present:

Joanne Simone
Antonio V. Arserio
Arlene R. Schwartz
Anthony N. Caggiano, Vice Chair
Tommy Ruzzano, Chair

Also Present:

Cale Curtis, Executive Director
Larry Vignola, Assistant Executive Director
David Tolces, Weiss Serota Helfman Cole & Bierman

The regular meeting of the Margate Community Redevelopment Agency having been properly noticed was called to order at 7:03 p.m., on Wednesday, March 13, 2024, by Chair Tommy Ruzzano. Roll call was taken. There was a moment of silence followed by the Pledge of Allegiance. The meeting was held in the City Commission Chambers and was also accessible virtually through Zoom technology.

1A. MINUTES FOR APPROVAL - (3/4/2024 Special)

After David Tolces, Board Attorney, read the item title, Ms. Simone noted there was a scrivener's error that needed to be amended in the minutes. She said she was listed as being present during the roll call for the meeting but not listed as being in attendance during the actual session of the meeting. She made the following motion, seconded by Vice Chair Caggiano:

MOTION: SO MOVE TO APPROVE AS AMENDED

ROLL CALL: Ms. Simone, Yes; Mr. Arserio, Yes; Ms. Schwartz, Yes; Mr. Caggiano, Yes; Mr. Ruzzano, Yes. The motion passed 5-0.

1B. MINUTES FOR APPROVAL - (3/13/2024 Regular)

After David Tolces, Board Attorney, read the item title, Ms. Schwartz made the following motion, seconded by Ms. Simone:

MOTION: SO MOVE TO APPROVE

ROLL CALL: Ms. Simone, Yes; Mr. Arserio, Yes; Ms. Schwartz, Yes; Mr. Caggiano, Yes; Mr. Ruzzano, Yes. The motion passed 5-0.

Chair Ruzzano advised that Item 5 would be heard prior to Item 3 as the Tenant was present.

2. PUBLIC DISCUSSION

Steve Strouse, 5800 Margate Boulevard, said that he had recently sold his business [Pete's Barber Shop] and would be leaving after 17 years of doing business in the plaza. He thanked the Board and the staff for all that had been done for the tenants during that time.

5A. DISCUSSION AND POSSIBLE ACTION: TENANT APPEAL FOR BOARD TO RECONSIDER LEASE RENEWAL WITH THE SWEET SPOT

Chair Ruzzano invited the tenant to come up to the podium. He said the Board had decided not to renew two leases at last month's MCRA meeting on the recommendation of property manager, Jim Nardi. He said he wanted to see The Sweet Spot succeed, however, the bakery had been consistently late with the rent. He said the owner of the bakery, Ms. Jenrette, had written an appeal to the Board for their consideration.

Lykeisha Jenrette, baker and owner of The Sweet Spot, thanked the Board for their time and said she appreciated everything that had been done for the businesses in the plaza including help with the rent during COVID and the signage for the buildings. The comments made at the last meeting had prompted her to write to the Board. She understood the issue with regards to the rent, however, she expressed confusion over remarks made about her hours

of operation. She said the bakery was open Wednesday through Saturday, 11:00 am to 6:00 pm and Sundays 12 noon to 6:00 pm. They were closed on Mondays and Tuesdays. Those hours were posted on the doors of the bakery and on their social media. The only week that the bakery was closed was the week of Thanksgiving which she gave to her staff as paid leave. This was advertised well in advance and notices were posted in the store. She also said that she had recently hired someone to handle her finances at the bakery and she assured the Board that the rent would be paid on time in the future.

Ms. Simone asked if the Local Business Tax Receipt (LBTR) had been brought up to date and was current. Ms. Jenrette replied that it had. Mr. Arserio asked Mr. Nardi to verify that the LBTR had been brought into compliance and Mr. Nardi concurred that it had. Mr. Arserio said he believed in second chances so he would vote to renew the lease, however, he would ask Mr. Nardi to include a probationary clause in the renewal lease that specified the rent would need to be paid on time and their hours of operation be consistent with the hours posted.

Ms. Schwartz asked about the location of the second store and Ms. Jenrette explained it was in Polk County where her aunt owned a restaurant. Ms. Jenrette said she had been teaching her aunt the recipes to enable her to run the bakery in Polk County independently. She said she also had 4 full-time employees here in Margate: a decorator, a baker, and two young ladies that worked up front.

Discussion ensued about the Board's ability to mandate tenant's hours of operation. Mr. Arserio said that he did not want to mandate the hours; rather, he wanted to hold them accountable for the hours of operation they advertised.

Mr. Arserio made the following motion, seconded by Ms. Schwartz:

MOTION: SO MOVE TO RECONSIDER LEASE RENEWAL WITH THE SWEET SPOT WITH A PROVISION RELATING TO MAINTAINING CONSISTENT HOURS OF OPERATION OF THEIR CHOOSING

ROLL CALL: Ms. Simone, Yes; Mr. Arserio, Yes; Ms. Schwartz, Yes; Mr. Caggiano, No; Mr. Ruzzano, No. The motion passed 3-2.

Chair Ruzzano pointed out that his vote did not mean he did not want to renew the lease for The Sweet Spot but rather he did not want to mandate their hours of operation. David Tolces, Board Attorney, said for the purpose of clarification the original motion was to grant the appeal filed by The Sweet Spot to renew the lease. Vice Chair Caggiano made the following motion and was seconded by Mr. Arserio:

MOTION: SO MOVE TO GRANT THE APPEAL AND RENEW THE LEASE

ROLL CALL: Ms. Simone, Yes; Mr. Arserio, Yes; Ms. Schwartz, Yes; Mr. Caggiano, Yes; Mr. Ruzzano, Yes. The motion passed 5-0.

3A. PRESENTATION: CITY CENTER UPDATE FROM COLLIERS INTERNATIONAL FLORIDA, INC

Ken Krasnow, Colliers International, said his presentation was an overview of how Public Private Partnerships (PPP) might work and to provide some feedback on how the financial considerations might look. He said the first few slides of the presentation explained PPP and potential risk transfers between public entities and the private sector. On one end of the risk spectrum, the public entity would be responsible for everything and assume all the risk. On the opposite end, the private entity would assume the operations and maintenance of the City Center through the life cycle and assume all the risk including financing, operating and capital. He said this was the structure that the City Center development would take – a long-term ground lease where the City maintained ownership of the land that would be developed. There would be a variety of uses including governmental and public uses as well as commercial uses such as office, retail, hospitality, etc. All of which would align with the City's interests of pursuing economic development, drive the tax base, and bring more amenities to the City and the residents. He said this structure would transfer a lot of the risk to the private partner as they would be responsible for raising the capital and completing the construction. The City, however, would still participate in the financial considerations as the development was being built and growing over time.

He discussed a few of the financial terms and development economics that could be brought before the Board over the course of the project. The development was structured as a long-term ground lease and as the project matured over time, the land would become more valuable. Other terms he discussed briefly were subleases, investor returns, amenity parking and tax increment financing.

Next, he touched on the basic differences between ground leasing considerations versus selling the property outright. Whereas ground leasing provided a greater long-term income and allowed the City to participate in the increasing value of the land, he pointed out some negatives. It could require the City to be a landlord and provide timely approvals and oversight. There could be sales of leasehold interests to new owners and requirements related to the lender's interests and the City might need to hire a dedicated project manager to manage contractual exposure and obligations. On the other hand, if the City were to sell the property outright, there would be an immediate influx of funds and there would be no need to manage the development as a landlord. However, if all the properties were sold, the City should expect to lose control over the development and the future tenants and buyers of the property. He went on to remind everyone of the various components that would be included in the Invitation to Negotiate (ITN) or the Request for Proposal (RFP) as well as the required information that would be requested from any potential partners.

Ms. Schwartz questioned Mr. Krasnow about one of the components in the Vision Elements slide that had to do with building heights ranging from two to eight stories to a maximum of 122 feet. She asked if that correlated to a 12-story building. Some discussion ensued. Cale Curtis, Executive Director, responded that the numbers were based on the City's Code. He said the Code stated eight stories or 122 feet and no higher.

Lastly, Mr. Krasnow discussed how the deal structure could look and provided some base line assumptions that would need to be confirmed once they were proposed by developers in response to the ITN/RFP. He said the ground lease was based on a percentage of the entire value and there would be some escalation over the life of that lease. Generally, it would be between 4% - 6% of the market range for a ground lease. He based his estimates on the land value at \$30 million that would grow over a nominal rate over 99 years. The deal would be structured in such a way that the City would benefit from each of the various components as they grew in value over time. He reminded the Board that not all the components would be added at the same time. The City's benefits would grow in value as benefits were added.

Chair Ruzzano said that he understood the downtown development would bring in at least \$2 million a year in revenue to the City from the estimates he was just shown. Mr. Krasnow agreed. Discussion ensued about incorporating City buildings into the downtown development project. Mr. Krasnow said that ultimately developers were not mandated to do so. He said the best course of action was to see what proposals came back and to negotiate from there. Chair Ruzzano then asked how much the City would be expected to put towards the project. Mr. Krasnow responded the figure would be approximately \$20 million under the scenario shown.

Mr. Arserio urged the Board to come to a settlement with New Urban to move forward with this project as quickly as possible. He said he thought about the lost revenue and economic impact every year that had gone by without the downtown development.

David Tolces, Board Attorney, said he received a revised settlement offer and therefore requested a shade session as soon as possible.

Ms. Schwartz said she would want to see the developer build a new civic center in the downtown area that would draw people in, similar to the civic complex in the City of Sunrise. Additional discussion ensued.

Rich Zucchini, 380 Lakewood Circle, said his vision was to build an entertainment and business district on the east side of US 441 of which the City would retain ownership. All the retail locations, such as Ace Hardware, would be moved to prime locations along the west side of US 441. Further development could then occur behind the retail locations on the west side such as housing including high end condominiums which would generate higher market values and therefore higher property taxes. He noted this was a different vision than what was being proposed but there was certainly a lot to discuss.

Chair Ruzzano said that although nothing was finalized, it made sense to offer developers the entire 50+ acres as a blank canvas to see what they would propose. He thanked Mr. Krasnow for the presentation.

4A. RESOLUTION 724: APPROVING THE FIRST AMENDMENT TO THE AGREEMENT BETWEEN THE MCRA AND GAI CONSULTANTS, INC. FOR CONSULTING SERVICES TO PROVIDE FOR AN EXTENSION OF THE TERM OF THE AGREEMENT UP TO AND INCLUDING MARCH 9, 2025, FOR THE MCRA REDEVELOPMENT PLAN UPDATE

After David Tolces, Board Attorney, read the item title, Mr. Arserio made the following motion, seconded by Vice Chair Caggiano:

MOTION: SO MOVE TO APPROVE

ROLL CALL: Ms. Simone, Yes; Mr. Arserio, Yes; Ms. Schwartz, Yes; Mr. Caggiano, Yes; Mr. Ruzzano, Yes. The motion passed 5-0

Chair Ruzzano asked if the County had said whether the CRA could be extended without continued funding. Cale Curtis, Executive Director, said it could not. He said according to state law, the CRA had to receive at least 50% Tax Increment Funding (TIF) to maintain CRA standing.

4B. RESOLUTION 725: ACCEPTING THE MCRA INDEPENDENT AUDITOR'S REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

After David Tolces, Board Attorney, read the resolution title, Ms. Schwartz made the following motion, seconded by Vice Chair Caggiano:

MOTION: SO MOVE TO APPROVE

ROLL CALL: Ms. Simone, Yes; Mr. Arserio, Yes; Ms. Schwartz, Yes; Mr. Caggiano, Yes; Mr. Ruzzano, Yes. The motion passed 5-0

6. EXECUTIVE DIRECTOR'S REPORT

Cale Curtis, Executive Director, said he did not have any updates, however, Mr. Nardi was available to provide tenant updates if there were any questions from the Board.

Jim Nardi, Advanced Asset Management, said that just one tenant owed for the month – Vera Brown Events. He had spoken to the tenant the day before and would have the rent by the end of the week. He said he had received the remainder of the outstanding rents already.

Chair Ruzzano asked Mr. Nardi about the size of the building where the new roof was installed at 6030 NW 9th Street. Mr. Nardi responded that it was 4,000 sq. ft. Chair Ruzzano said that he was at an event for Cats Exclusive, Inc., and he told them about the building on 9th Street that needed a total buildout but had a brand-new roof. He said they needed a larger building so he would put them in touch with Mr. Nardi.

6. BOARD MEMBER COMMENTS

Ms. Simone: None.

Mr. Arserio: He repeated his comment to the Board to consider reaching an agreement in the upcoming shade meeting to enable the downtown development to move ahead quicker though it might mean forfeiting a deposit.

Ms. Schwartz: She responded that there was more to the overall picture.

Vice Chair Caggiano: He reminded everyone that the International Festival was taking place on Saturday, April 13th from 11:00 am to 3:00 pm. He said it was the second annual Festival and promised to be bigger and better than last year's.

Chair Ruzzano: He asked if there was any action that could be taken that night in lieu of a shade session. David Tolces, Board Attorney, said there was not as the item had not been on the agenda for the evening. Chair Ruzzano then thanked Steve Strouse for all his years as a tenant and hoped the new owner would be just as good.

David Tolces, Board Attorney, thanked his wife Lauren for the crocheted tie she had made for him that he was wearing for the meeting that night.

There being no additional business, the meeting was adjourned at 8:37 p.m.

Respectfully submitted,

Transcribed by Fiona Christmas, CRA Coordinator

Tommy Ruzzano, Chair